

Detail of Other Treasury Accounts

Total Treasury Department Budget

The Treasury Chapter of the FY 2007 President's Budget covers the following areas:

Interest Payments – \$449.3 billion

These are permanent, indefinite funds for interest payments needed: to finance the public debt; by the IRS on refunds of taxes to taxpayers; and on special accounts handled through the Treasury.

Permanent Authority Appropriations and Trust Funds – \$56.6 billion

These are special accounts for which the Congress has given the Department of Treasury permanent authority to expend funds as appropriations, such as: payments made when the earned income credit, child credit, and health care credit exceeds the taxpayer's tax liability; payments to the Resolution Funding Corporation; reimbursements to Federal Reserve Banks; special claims and damage payments required as a result of judgments against the U.S. government; payments to Presidential candidates and their parties in accordance with Federal Election Commission certification; and other accounts.

Offsetting Collections – -\$21.6 billion

Treasury receipts from other government agencies and private sources are subtracted from the total Treasury budget as an offset.

Annual Operating Appropriation Request – \$11.6 billion

These are funds for Treasury operations which require annual appropriation action by the Congress. Bureau operating budget details are provided in the "Analysis of FY 2007 President's Budget" section.

Account Details

Interest Payments

Interest on the Public Debt: The federal government's outstanding debt requirements are financed through borrowing (e.g., auctions of Treasury Bills, Notes,

and Bonds). Funds paid to lenders for the use of their money is paid from the Interest on the Public Debt appropriation.

Interest on the Public Debt includes all interest paid on Treasury securities sold to the public (e.g., foreign and domestic financial institutions, individuals, insurance companies, state and local governments, etc.) and to federal government trust funds, revolving funds and deposit funds.

Interest on IRS Refunds: Under certain conditions in the tax law, the IRS must pay interest on Internal Revenue collections that must be refunded -- amended returns, delayed refunds of more than 45 days from the due date of the return, corporation losses covering prior year returns, results of tax audits, etc. The rate of interest changes every three months to reflect the prime interest rate then in effect.

Interest on Uninvested Funds: Under conditions of the law creating each trust account, interest accruing and payable from the general fund of the Treasury is appropriated to this account for payment to the proper fund receipt accounts.

Interest Paid to Credit Financing Accounts: Loan guarantee financing accounts receive various payments and fees and make payment on defaults. When cash balances result from an excess of receipts over outlays, these balances are deposited with Treasury and earn interest. This account pays such interest to credit loan guarantee financing accounts from the general fund of the Treasury in accordance with Section 505(c) of the Federal Credit Reform Act of 1990.

Restitution of Foregone Interest: In certain situations the Secretary of the Treasury pays interest to the Government Securities Investment Fund from the general fund of the Treasury when funds could not be invested as a result of a debt issuance suspension.

Federal Interest Liabilities to the States: As provided in U.S.C. 3335, U.S.C. 6503, and 31 C.F.R. 205, interest is paid to states when federal funds are not transferred timely.

Trust Funds and Other

Federal Financing Bank

The Federal Financing Bank (FFB) was created in 1973 to ensure the coordination of federal and federally assisted borrowing from the public in a manner least disruptive to private financial markets and institutions. FFB loans are now used primarily to finance direct agency activities such as construction of federal buildings by the General Services Administration, and U.S. Postal Service activities.

Payment to Resolution Funding Corporation

The Financial Institutions Reform, Recovery, and Enforcement Act of 1989 authorized the Secretary of the Treasury such sums as may be necessary to cover interest payments on obligations issued by the Resolution Funding Corporation (REFCORP). REFCORP was established under the Act to raise \$31.2 billion for the Resolution Trust Corporation (RTC) in order to resolve savings institution insolvencies.

Check Forgery Insurance Fund

The Fund facilitates timely payments for replacement Treasury checks necessitated due to a claim of forgery. The fund recoups disbursements through reclamations made against banks negotiating forged checks. To reduce hardships sustained by payees of government checks that have been stolen and forged, settlement is made in advance of the receipt of funds from the endorers of the checks. If the U.S. Treasury is unable to recover funds, the account sustains the loss.

Payment to Terrestrial Wildlife Habitat Restoration Trust Fund

Under P.L. 106-53, the Secretary of the Treasury is required to invest funds deposited in the Cheyenne

River Sioux Tribe Terrestrial Wildlife Restoration Trust Fund and the Lower Brule Sioux Tribe Terrestrial Wildlife Restoration Trust Fund, until the funds are fully capitalized.

Community Development Financial Institutions Program Account

This program is authorized to make loans to Community Development Financial Institutions and insured financial institutions. The loan funding is permanent, indefinite authority from the general fund.

Air Transportation Stabilization Program Account

The Air Transportation Safety and System Stabilization Act, P.L. 107-42 established the Air Transportation Stabilization Board which may issue up to \$10 billion in loan guarantees. Amounts include estimates for loan guarantees that have received either conditional or final approval.

Permanent Authority Appropriations

Presidential Election Campaign Fund

The fund supports payments to the candidates running for President during the primaries and the general election, as well as support of nominating conventions. Appropriations to the fund represent receipts from the Presidential Election check-off on taxpayers' income tax returns. Upon certification by the Federal Election Commission, payments are made for the above purposes. Major expenditures occur during the year of the Presidential election – appropriations represent collections from the check-off.

Biomass Energy Development

This account provided loan guarantees for the construction of biomass-to-ethanol facilities, as authorized under Title II of the Energy Security Act. All loans went into default, and the assets of all but one project have been liquidated.

Government Losses in Shipment

This account was created as self-insurance to cover

losses in shipment of government property such as coins, currency, securities, and some other losses.

Terrorism Risk Insurance Program

The Terrorism Risk Insurance Act of 2002 establishes the Terrorism Insured Loss Shared Compensation Program in the Department of the Treasury. The Program has authority to pay the federal share of compensation for insured commercial property and casualty losses resulting from acts of terrorism. The Act provides a permanent, indefinite appropriation for the program and its administration. The program was extended by Public Law 109-144 until December 31, 2007.

Continued Dumping and Subsidy Offset

P.L. 106-387 provided for relief for certain domestic producers that may be impacted by injurious dumping and/or subsidization of imported products. Assessed duties are deposited into a special fund, and distributed to domestic producers, based on a determination that a domestic producer has been injured by these unfair trade practices.

Treasury Forfeiture Fund

Public Law 102-393 established this permanent appropriation to be used to pay or reimburse certain seizure and forfeiture costs that occur pursuant to the laws enforced by the bureaus participating in the Fund and other expenses authorized by 31 U.S.C. 9703.

Debt Collection Special Fund

FMS provides debt collection operational services to client agencies which include collection of delinquent accounts; offset of federal payments against debts owed the government, collection of unclaimed financial assets, and disposition of foreclosed property.

Claims, Judgments and Relief Acts

Appropriations are made for payment of claims and interest for damages not chargeable to appropriations of individual agencies, and for payment of private and public relief acts. Public Law 95-26 authorized a permanent, indefinite appropriation to pay certain judgments from the general fund of the Treasury.

Reimbursement to Federal Reserve Banks

Permanent, indefinite appropriations were established at the Bureau of the Public Debt and Financial Management Service to reimburse Federal Reserve Banks for their services as fiscal agents and/or depositaries for the United States for all services required or directed by the Secretary of the Treasury to be performed behalf of the Treasury or other federal agencies.

Financial Agent Services

This appropriation allows the Financial Management Service to reimburse financial institutions for services provided in their capacity as depositaries and fiscal agents for the United States. The services provided are authorized under numerous statutes, including, but not limited to, 12 U.S.C. 90 and 265. The services include the acceptance and processing of deposits of public money, as well as services essential to the disbursement of and accounting for public monies.

Duties, Taxes and Fees (Puerto Rico)

Treasury's Alcohol and Tobacco Tax and Trade Bureau collects excise taxes on articles produced in Puerto Rico. After the bureau deducts its cost of collecting these funds, the balance is refunded back to Puerto Rico. The repayment is required to be included in total Treasury expenditures.

Internal Revenue Service – New and Existing Fees

The Secretary of the Treasury may establish new fees or raise existing fees for services provided by the IRS. The fees may be spent to supplement IRS appropriations.

Internal Revenue Service – Informant Payments

The Secretary of the Treasury may make payments to individuals resulting from information given that leads to the collection of Internal Revenue taxes. The Taxpayer Bill of Rights of 1996 authorizes these payments from the proceeds of amounts (other than interest) collected as a result of the information provided.

Internal Revenue Service – Private Collection Agent Program

The American Jobs Creation Act of 2004 (Public Law 108–357) included a new tax enforcement tool. The IRS will now be able to hire private collection contractors to supplement its own collection staff’s efforts to ensure that all taxpayers pay what they owe. The legislation ensures contractors respect taxpayer rights. The statute further authorizes the Secretary of the Treasury to retain and use an amount not in excess of 25 percent of the amount collected under any qualified tax collection contract for payments to private collection agents, and an amount not in excess of 25 percent of the amount collected for collection enforcement activities of the IRS.

Payment Where Child Credit Exceeds Liability for Tax

The child credit (originally authorized under the Taxpayer Relief Act of 1997) calls for an additional payment to the tax filer. This account is used only in those instances when the credit will exceed the amount of the tax liability owed through the individual income tax system.

Payment Where Earned Income Credit Exceeds Liability for Tax

The earned income credit (originally authorized under the Tax Reduction Act of 1975) calls for absolute tax credits to low income taxpayers who meet certain qualifications. This account is used only when the tax credit exceeds the taxpayer’s total liability for taxes, and only by the amount that the tax liability is exceeded.

Payment Where Health Care Credit Exceeds Liability for Tax

The health care credit calls for a refundable tax credit for health insurance purchased by individuals and families who are not covered by employer-sponsored insurance nor eligible for public programs.

Offsetting Collections

In general, amounts collected by the federal government are classified in two major categories:

- **Governmental receipts** – Revenues that arise from the sovereign and regulatory powers unique to the federal government. They consist primarily of tax receipts, but also include customs duties, court fines, certain licenses, etc. All governmental receipts are deposited into receipt accounts. These receipts are always reported in total (rather than as an offset to budget authority and outlays).
- **Offsetting receipts** – Collections that are offset against the budget authority and outlays of the collecting agency rather than reflected as governmental receipts in computing budget totals. Offsetting receipts are comprised of:
 - **Proprietary Receipts** - These receipts from the public are market-oriented and are derived from activities operated as business-type enterprises.
 - **Intragovernmental Receipts** - These are collections from other governmental accounts deposited in receipt accounts. These are further classified as follows:
 - **Interfund Receipts** - These are amounts derived from payments between federal and trust funds.
 - **Intrafund Receipts** - These are amounts derived from payments within the same fund group (i.e., within the federal fund group or within the trust fund group).

(dollars in billions)

	FY 2005 Actual	FY 2006 Estimate	FY 2007 Estimate
Proprietary	14.1	15.4	15.6
Interfund	1.6	1.8	4.0
Intrafund	2.6	1.6	2.0
Total	18.3	18.8	21.6

